

**ADVOCATES FOR SCIENCE AND
MATHEMATICS EDUCATION, INC.**

FINANCIAL STATEMENTS

For the Years Ended June 30, 2017 and 2016



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Advocates for Science and Mathematics Education, Inc.
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June 30, 2017

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REPORT



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INDEPENDENT AUDITORS' REPORT

Board of Directors of
Advocates for Science and Mathematics Education, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Advocates for Science and Mathematics Education, Inc. ("Advocates") (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2017 and 2016, and the related Statements of Activities, Statements of Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Advocates' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Advocates' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advocates as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of agency head compensation are presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedules of performance statistical data as required by state law and referred to in our Independent Accountants' Report on Applying Agreed-Upon-Procedures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2017, on our consideration of Advocates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Advocates' internal control over financial reporting and compliance.

Caru, Riggs & Ingram, L.L.C.

October 10, 2017



FINANCIAL STATEMENTS

Advocates for Science and Mathematics Education, Inc.
Statements of Financial Position

<i>June 30,</i>	2017	2016
Assets		
Cash and cash equivalents	\$ 897,452	\$ 1,124,251
Certificates of deposit	26,191	26,191
Grants receivable	598,717	579,019
Grants receivable - subrecipient	84,946	97,871
Prepays	299	137
Total current assets	1,607,605	1,827,469
Property and equipment, net	131,078	151,203
Total assets	\$ 1,738,683	\$ 1,978,672
Liabilities and net assets		
Accounts payable	\$ 225,370	\$ 201,433
Line of credit	9,677	9,677
Total current liabilities	235,047	211,110
Net assets		
Unrestricted	1,412,682	1,463,724
Temporarily restricted	90,954	303,838
Total net assets	1,503,636	1,767,562
Total liabilities and net assets	\$ 1,738,683	\$ 1,978,672

The accompanying notes are an integral part of these financial statements.

Advocates for Science and Mathematics Education, Inc.
Statements of Activities

<i>For the Year Ended June 30, 2017</i>	Unrestricted	Temporarily Restricted	Total
Revenues and support			
State sources	\$ 2,016,863	\$ -	\$ 2,016,863
Local per pupil support	2,504,273	-	2,504,273
Federal sources	1,488,602	-	1,488,602
Donations and contributions	358,770	119,523	478,293
Other revenue	6,780	-	6,780
Net assets released from restrictions	332,407	(332,407)	-
Total revenues and support	6,707,695	(212,884)	6,494,811
Expenses			
Program services	3,285,125	-	3,285,125
Supporting services:			
Management and general	3,473,612	-	3,473,612
Total expenses	6,758,737	-	6,758,737
Decrease in net assets	(51,042)	(212,884)	(263,926)
Net assets, beginning of year	1,463,724	303,838	1,767,562
Net assets, end of year	\$ 1,412,682	\$ 90,954	\$ 1,503,636

The accompanying notes are an integral part of these financial statements.

Advocates for Science and Mathematics Education, Inc.
Statements of Activities

<i>For the Year Ended June 30, 2016</i>	Unrestricted	Temporarily Restricted	Total
Revenues and support			
State sources	\$ 1,777,967	\$ -	\$ 1,777,967
Local per pupil support	2,417,337	-	2,417,337
Federal sources	1,648,035	-	1,648,035
Donations and contributions	469,808	551,213	1,021,021
Other revenue	170,007	22,657	192,664
Net assets released from restrictions	412,104	(412,104)	-
Total revenues and support	6,895,258	161,766	7,057,024
Expenses			
Program services	3,179,785	-	3,179,785
Supporting services:			
Management and general	3,622,807	-	3,622,807
Total expenses	6,802,592	-	6,802,592
Increase in net assets	92,666	161,766	254,432
Net assets, beginning of year	1,371,058	142,072	1,513,130
Net assets, end of year	\$ 1,463,724	\$ 303,838	\$ 1,767,562

The accompanying footnotes are an integral part of these financial statements.

Advocates for Science and Mathematics Education, Inc.
Statements of Functional Expenses

<i>For the year ended June 30, 2017</i>	Program services	Supporting services <u>Management and general</u>	Total
Salaries	\$ 2,077,749	\$ 1,096,846	\$ 3,174,595
Benefits and retirement	776,026	399,905	1,175,931
Food services	-	1,005,054	1,005,054
Transportation	14,025	361,620	375,645
Supplies	238,450	53,870	292,320
Professional and technical services	58,565	144,862	203,427
Utilities	-	93,148	93,148
Insurance	-	89,858	89,858
Dues/subscriptions	24,707	34,247	58,954
Telephone and postage	33,122	23,945	57,067
Purchased property services	19,332	98,111	117,443
Administrative fees	-	36,187	36,187
Depreciation	-	20,125	20,125
Travel	4,035	11,461	15,496
Interest	-	1,255	1,255
Textbook	869	350	1,219
Student summer programs	31,550	-	31,550
Miscellaneous	6,695	2,768	9,463
Total expenses	\$ 3,285,125	\$ 3,473,612	\$ 6,758,737

The accompanying footnotes are an integral part of these financial statements.

Advocates for Science and Mathematics Education, Inc.
Statements of Functional Expenses

<i>For the year ended June 30, 2016</i>	Program services	Supporting services <u>Management and general</u>	Total
Salaries	\$ 1,749,043	\$ 1,142,792	\$ 2,891,835
Benefits and retirement	641,245	397,449	1,038,694
Food services	-	1,108,744	1,108,744
Transportation	9,128	325,126	334,254
Supplies	390,983	73,305	464,288
Professional and technical services	56,656	105,791	162,447
Utilities	-	79,035	79,035
Insurance	-	81,671	81,671
Dues/subscriptions	16,240	36,019	52,259
Telephone and postage	41,063	58,045	99,108
Purchased property services	5,625	72,579	78,204
Administrative fees	-	91,895	91,895
Depreciation	-	21,376	21,376
Travel	6,020	13,723	19,743
Interest	-	1,429	1,429
Textbook	15,886	-	15,886
Student summer programs	44,080	-	44,080
Miscellaneous	14,016	13,828	27,844
Occupancy	189,800	-	189,800
Total expenses	\$ 3,179,785	\$ 3,622,807	\$ 6,802,592

The accompanying footnotes are an integral part of these financial statements.

Advocates for Science and Mathematics Education, Inc.
Statements of Cash Flows

June 30,	2017	2016
Cash flows from operating activities		
(Decrease) increase in net assets	\$ (263,926)	\$ 254,432
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	20,125	21,376
Changes in operating assets and liabilities:		
Receivables	(6,773)	(169,311)
Prepays	(162)	2,729
Accounts payable	23,937	(95,480)
Net cash (used in) provided by operating activities:	(226,799)	13,746
Cash flows from investing activities		
Purchase of equipment	-	-
Net cash used in investing activities	-	-
Cash flow from financing activities		
Change in line of credit, net	-	-
Net cash used in financing activities	-	-
Net change in cash and cash equivalents	(226,799)	13,746
Cash and cash equivalents, beginning of the year	1,124,251	1,110,505
Cash and cash equivalents, end of the year	\$ 897,452	\$ 1,124,251
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,255	\$ 1,429

The accompanying notes are an integral part of these financial statements.

Advocates for Science and Mathematics Education, Inc.
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Advocates for Science and Mathematics Education, Inc. (“Advocates”) (a nonprofit organization) was incorporated in 2006 for the purpose of operating a charter school in New Orleans, Louisiana. Advocates operates New Orleans Charter Science and Mathematics High School (d/b/a Sci High) (the “School”). The School is an open-admission public charter school that prepares all students for college admissions and successful careers. The School provides a rigorous high school curriculum with an emphasis in science and mathematics in a supporting environment of learning and respect that prepares students to make informed choices about post-secondary pursuits. The Orleans Parish School Board (“OPSB”) granted Advocates a Type 3 charter to operate the School. Advocates has the full responsibility for the finances and operations of the School. Subsequent to yearend Advocates became their own LEA.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook (“LAUGH”).

Property and Equipment

Property and equipment is capitalized at cost and updated for additions and retirements during the year. The net carrying amount is considered the net realizable value. Donated property and equipment is recorded at fair market values as of the date received. Advocates maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. All reported property and equipment is depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Equipment and computers	5-12 years
Leasehold improvements	7 years

Advocates for Science and Mathematics Education, Inc.
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

Advocates is a tax-exempt organization under Internal Revenue Code Section 501 (c)(3) and, as such, is not subject to income tax.

Public Support and Revenue

Advocates receives its support primarily from the OPSB as a flow through from the Louisiana State Department of Education and the United States Department of Education.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support. Advocates uses the direct write-off method of writing off uncollectible receivables. As write-offs have been minimal in previous years, management believes this does not significantly differ from use of the allowance method.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Grants and Other Receivables and Allowance for Doubtful Accounts

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. At June 30, 2017 and 2016, management did not deem any receivables to be uncollectible; therefore, no allowance was recorded.

Advocates for Science and Mathematics Education, Inc.
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

Basis of Presentation

Advocates' financial statement presentation follows the provisions of the *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations, which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by Advocates is limited by donor imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of Advocates pursuant to such stipulations.
- Permanently Restricted - Net assets whose use by Advocates is limited by donor- imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of Advocates.

Change in Accounting Principle

As of July 1, 2016 Advocates changed its method of accounting for a rent-free lease agreement with the Louisiana Department of Education, Recovery School District (the "RSD") for the use of buildings and grounds as school facilities. Previously, Advocates recognized \$189,000 in donated facilities each year based on the day use rate of the RSD School Facility Use Policy. RSD has since changed their policy to reflect hourly rates, use of the facilities is not recorded as an in-kind contribution from RSD as the value of the use of the land and building is not readily determinable.

Advocates for Science and Mathematics Education, Inc.
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded. The effect of the change was a decrease in donations and contributions and an decrease in occupancy expenses as of and for the year ended June 30, 2017. The financial statements for 2016 have not been retroactively restated for such change.

NOTE 2: CASH AND CASH EQUIVALENTS

Advocates maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended June 30, 2017 and 2016. At times, the balance may exceed the federally insured amount. Cash balances at years ended June 30, 2017 and 2016, exceeded the FDIC limits by \$1,057,294 and \$1,258,490, respectively.

NOTE 3: RETIREMENT PLANS

Substantially all employees of Advocates are members of the Teachers' Retirement System of Louisiana (TRSL) or Louisiana State Employees' Retirement System (LASERS). Pertinent information relative to each plan follows:

Teachers' Retirement System of Louisiana (The TRSL)

Plan Description

The TRSL consists of offer four membership plans: Regular Plan, Plan A, Plan B, and an Optional Retirement Plan. The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report and includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Advocates for Science and Mathematics Education, Inc.
Notes to Financial Statements

NOTE 3: RETIREMENT PLANS (CONTINUED)

Funding Policy

Plan members are required to contribute 8% for participating employees. Advocates is required to contribute at an actuarially determined rate. During the years ended June 30, 2017 and 2016, Advocates contributed to the Regular Plan and the Optional Retirement Plan. Advocates' contribution rates for the Regular Plan and the Optional Retirement Plan were as follows:

	2017	2016
TRSL - Regular Plan	25.50%	26.30%
TRSL - Optional Retirement Plan	27.40%	28.20%

Member contributions and employer's contributions for the TRSL are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. Advocates' contributions to the TRSL for the years ending June 30, 2017 and 2016 were \$783,546 and \$726,156, respectively, which was equal to the required contributions for each year.

Louisiana School Employees' Retirement System (LSERS)

Plan Description

Employees who are not teachers, administrators, or school lunch employees are covered by defined benefit contribution pension plans administered and controlled on a statewide basis by a separate Board of Trustees. The Board of Trustees administers this plan which is a cost-sharing multiple-employer public employee's retirement system.

LSERS provides retirement benefits as well as death and disability benefits. Death and disability benefits vest after 5 years of credited service. Normal retirement is at any age with 30 or more years of creditable service, at age 55 with at least 25 years of creditable service, and at age 60 with at least 10 years of creditable service. The maximum retirement and disability benefit is an amount equal to 2 1/2% of the average compensation for the three highest consecutive years of credited service, multiplied by the number of years of service, plus a supplementary allowance of \$2.00 per month for each month of service. The plan also provides various death benefits, whereby the disabled employee or surviving spouse is entitled to receive amounts determined in accordance with the plan.

Advocates for Science and Mathematics Education, Inc.
Notes to Financial Statements

NOTE 3: RETIREMENT PLANS (CONTINUED)

Contributions Required and Made

Covered employees and Advocates are required by State statute to contribute fixed percentages of employees' gross earning to the plan. Employee contribution rates for the plan are 7.5% and 8% for the years ended June 30, 2017 and 2016, respectively. Advocates' contribution rates for the years ended June 30, 2017 and 2016 were 30.2% and 27.3%, respectively. Advocates' total contributions to LSERS were \$22,734 and \$17,325, respectively, for the years ended June 30, 2017 and 2016, which met the required contributions for each year.

NOTE 4: LINE OF CREDIT

As of June 30, 2017, Advocates had available a line of credit (the "Credit Agreement") with a local financial institution which provided for borrowings up to \$100,000 at variable interest rate of 4% for the years ended June 30, 2017 and 2016. Outstanding borrowings under the Credit Agreement are collateralized with the certificates of deposit and accounts receivable. At June 30, 2017 and 2016, the line of credit had borrowings outstanding of \$9,677.

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Computers	\$ 6,356	\$ 6,356
Equipment	230,919	230,919
Leasehold Improvements	80,335	80,335
Property and Equipment	317,610	317,610
Less: Accumulated Depreciation	(186,532)	(166,407)
Property and Equipment, Net	\$ 131,078	\$ 151,203

Depreciation expense was \$20,125 and \$21,376 for the years ended June 30, 2017 and 2016, respectively.

NOTE 6: SIGNIFICANT CONCENTRATIONS

For the years ended June 30, 2017 and 2016, Advocates received approximately 23% and 23% of its total revenue, respectively, from federal sources and approximately 70% and 59% of its total revenue, respectively, from state and local public school funds.

Advocates for Science and Mathematics Education, Inc.
Notes to Financial Statements

NOTE 7: UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require Advocates' management to evaluate tax positions taken by Advocates and recognize a tax liability if Advocates has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Advocates' management has analyzed the tax positions taken by Advocates, and has concluded that as of June 30, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Advocates is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

The total of Advocates' temporarily restricted net assets is available for the purpose of student activities.

NOTE 9: GRANTS RECEIVABLE

Grants receivable is comprised of the following balances:

At June 30,	2017	2016
Foundation for Science & Math	\$ 245,509	\$ 343,022
Title I	177,458	60,390
State of Louisiana Dept of Treasury	102,007	113,265
IDEA-B	84,997	28,357
Other - private donors	20,000	591
Perkins	17,661	-
E-Rate	15,054	-
Title II	14,603	6,859
Excellence in Education	6,374	-
Tulane	-	9,902
21st Century Learning Centers	-	77,732
Innovative Approaches to Literacy	-	36,772
Total grants receivable	\$ 683,663	\$ 676,890



Advocates for Science and Mathematics Education, Inc.
Notes to Financial Statements

NOTE 10: SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through October 10, 2017, the date the financial statements were available to be issued. Subsequent to yearend Advocates' Board of Directors elected to withdraw from Teachers' Retirement System of Louisiana (TRSL) or Louisiana State Employees' Retirement System (LASERS) to establish a self-managed Employee Benefit Plan. Except as noted in Note 1 and above, no other material or significant events were noted for disclosure. An estimate of the financial effect of the aforementioned subsequent events cannot be made at this time.



SUPPLEMENTARY INFORMATION

Advocates for Science and Mathematics Education, Inc.
Schedule of Agency Head Compensation
For the Year Ended June 30, 2017

PURPOSE	Claire Jecklin	Chana Benenson	TOTAL
Salary	\$ 81,500	\$ 74,961	\$ 156,461
Benefits-health insurance	2,510	3,765	6,275
Benefits-retirement	3,550	3,266	6,816
Deferred compensation			-
Workers comp	518	477	995
Benefits-life insurance	96	96	192
Benefits-long term disability	337	337	674
Benefits-short term disability	107	107	214
Benefits-AD&D	1,175	1,000	2,175
Benefits-Fica & Medicare	33	33	66
Car allowance			-
Vehicle provided by government			-
Cell phone	814	814	1,628
Dues	-	-	-
Vehicle rental	-	-	-
Per diem	-	-	-
Reimbursements	-	-	-
Travel	-	-	-
Registration fees	-	-	-
Conference travel	-	-	-
Unvouchered expenses	-	-	-
Meetings & conventions	-	-	-
Other	-	-	-
Total	\$ 90,640	\$ 84,856	\$ 175,496



**REPORTS REQUIRED BY
*GOVERNMENT AUDITING
STANDARDS***



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Advocates for Science and Mathematics Education, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Advocates for Science and Mathematics Education, Inc. ("Advocates") (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2017, and the related Statements of Activities, and Cash Flows, for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 10, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Advocates' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Advocates' internal control. Accordingly, we do not express an opinion on the effectiveness of Advocates' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Advocates' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Advocates' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Advocates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Advocates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Car, Riggs & Ingram, L.L.C.

October 10, 2017



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Advocates for Science and Mathematics Education, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Advocates for Science and Mathematics Education, Inc.'s ("Advocates") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Advocates' major federal programs for the year ended June 30, 2017. Advocates' major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Advocates' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Advocates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Advocates' compliance.

Opinion on Each Major Federal Program

In our opinion, Advocates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Advocates is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Advocates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Advocates' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Case, Riggs & Ingram, L.L.C.

October 10, 2017

Advocates for Science and Mathematics Education, Inc. Schedule of Expenditures of Federal Awards

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass- through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>	<i>Amount Passed Through to Subrecipient</i>	<i>Total Federal Expenditures (\$)</i>
United States Department of Education/Orleans Parish School Board					
Title I Grants to Local Educational Agencies	84.010		317,939	-	317,939
Title II Grants to Local Educational Agencies	84.367		16,482	-	16,482
Career and Technical Education -- Basic Grant to States	84.048		17,661	-	17,661
Fund for Improvement of Education	84.215G		17,715	-	17,715
Twenty First Century Community Learning Centers	84.287		-	-	-
United States Department of Education/Orleans Parish School Board/Special Education Cluster					
Special Education_Grants to States	84.027		84,119	-	84,119
<i>Total Department of Education</i>					453,916
United States Department of Agriculture/Direct Program/Child Nutrition Cluster					
National School Lunch Program	10.555	5F9270	181,673	486,993	668,666
School Breakfast Program	10.553	5F9270	43,468	246,705	290,173
<i>Total Child Nutrition Cluster</i>					958,839
United States Department of Agriculture/Direct Program					
Child and Adult Care Food Program	10.558	5F9270	35,592	-	35,592
Fresh Fruit & Vegetable Program	10.582	5F9270	-	23,919	23,919
2016 NSLP Equipment Assistance Funds	10.579	5F9270	-	15,150	15,150
<i>Total United States Department of Agriculture</i>					1,033,500
<i>Total Expenditures of Federal Awards</i>					\$ 1,487,416

See accompanying Notes to the Schedule of Expenditures of Federal Awards.



**Advocates for Science and Mathematics Education, Inc.
Note to Schedule of Expenditures of Federal Awards**

NOTE 1: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Advocates for Science and Mathematics Education, Inc. (“Advocates”) (a nonprofit organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Advocates has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Advocates for Science and Mathematics Education, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

I – SUMMARY OF AUDITORS’ RESULTS

- The auditors’ report expresses an unmodified opinion on the financial statements of Advocates for Science and Mathematics Education, Inc.
- No instances of noncompliance material to the financial statements of the School, which would be required to be disclosed under *Government Auditing Standards*, were disclosed and identified during the audit.
- No significant deficiencies relating to the audit of the major federal award programs is reported in the *Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
- The *Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance* expresses an unmodified opinion on the major federal programs.
- There was one (1) finding that is required to be reported in accordance with Uniform Guidance, see finding 2017-001.
- A management letter was issued for the year ended June 30, 2017.
- The programs tested as major programs for the year ended June 30, 2017 were:

<u>Program Title</u>	<u>CFDA No.</u>
Child Nutrition Cluster	10.553/10.555
- The threshold for distinguishing between Type A and Type B programs was \$750,000.
- The School did not qualify as a low-risk auditee.

II – FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE

None noted

III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

2017-001: Timely Submission of Data Collection Form

Condition: Advocates is required to submit the audit package and data collection form to the Federal Audit Clearinghouse by October 26, 2016.



**Advocates for Science and Mathematics Education, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Criteria: Uniform Guidance 2 CFR 200.512(a) states that the audit package and data collection form shall be submitted 30 days after receipt of the auditor's report(s), or 9 months after the end of the fiscal year, whichever comes first.

Effect: Late submission can result in withholding of federal pass-through funding to the auditee and precludes the auditee from being considered a low-risk auditee for the subsequent two (2) years.

Cause: A clerical oversight resulted in late submission of the audit package and data collection form.

Recommendation: We recommend Advocates ensure timely certification of submission to the Federal Audit Clearinghouse.

Management's Response and Corrective Action Plan: Advocates agrees with the recommendation. See Management's Corrective Action Plan on page 27.



**Advocates for Science and Mathematics Education, Inc.
Summary Schedule of Prior Year Audit Findings**

II – FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE

None noted.

III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None noted.

IV – MANAGEMENT LETTER

None issued.



**Advocates for Science and Mathematics Education, Inc.
Management's Corrective Action Plan
For the Year Ended June 30, 2017**

SECTION I: FINDINGS RELATED TO FINANCIAL STATEMENT AUDIT

2017-001: Timely Submission of Data Collection Form

Planned Corrective Action: Advocates will ensure timely certification of submission to the Federal Audit Clearinghouse.

Anticipated Completion Date: December 31, 2017

Responsible Contact Person: Claudia Kent, Director of Finance

SECTION II: FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings pertaining to major Federal award programs noted during the year ended June 30, 2017.



**SCHEDULES REQUIRED BY STATE
LAW (PERFORMANCE STATISTICAL
DATA)**



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Advocates for Science and Mathematics Education, Inc.
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Advocates for Science and Mathematics Education, Inc. ("Advocates") (a nonprofit organization) who operates New Orleans Charter Science and Mathematics (d/b/a Sci High) (the "School") and the Legislative Auditor of the State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. Management of the School is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplementary information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule K-1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule K-1) (Continued)

Findings: None noted

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school supporting payroll records as of October 1, 2016.

Findings: None noted

3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total of principals and assistant principals per this schedule.

Findings: None noted

4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2016 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s education level was properly classified on the schedule.

Findings: We could not verify the education levels of 8 teachers through documentation in their personnel files. Additionally, 12 teachers we reported as having pending certifications which we were unable to verify.

Management’s response: Management has requested copies of transcripts from the 8 teachers to be included in the personnel files. Previously, teacher certifications for Advocates had to be submitted through Orleans Public School board, as Advocates is now their own LEA certification requests will be submitted directly to the Louisiana Department of Education.

Number and Type of Public Schools (Schedule K-3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application).

Findings: None Noted

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2016 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

Findings: None noted

Public School Staff Data (Schedule K-5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Findings: None noted

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Findings: None noted

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2016 roll books for those classes and determined that the class was properly classified on the schedule.

Findings: CRI notes that enrollment for four (4) classes was over the maximum enrollment of 33 students.

Management's Response: Subsequent to October 1, 2016 PEP reporting Advocates reduced enrollment in these classes to under thirty-four (34) students.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Findings: As Advocates is only grades 9-12, this schedule does not apply.

Graduation Exit Examination (GEE) (Schedule 8)

11. The Graduation Exit Examination is no longer administered. This schedule is no longer applicable.

iLEAP Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Findings: As Advocates is only grades 9-12, this schedule does not apply.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently we make no representation regarding these sufficiency of the procedures described above either for the purpose for which this report has been requested of for any other purpose.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the performance and statistical data accompanying the annual financial statements of the School. Accordingly we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board, management of Advocates, the Orleans Parish School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

October 10, 2017

Advocates for Science and Mathematics Education, Inc.
Schedule K-1

**General fund instructional and support expenditures and
Certain local revenue sources
For the year ended June 30, 2017**

<u>General Fund Instructional and Equipment Expenditures</u>		
General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 1,680,828	
Other instructional staff activities	199,224	
Instructional staff employee benefits	696,147	
Purchased professional and technical services	55,290	
Instructional materials and supplies	101,474	
Less instructional equipment	19,703	
Total teacher and student interaction activities		\$ 2,752,666
Other instructional activities		85,492
Pupil support activities	567,687	
Less equipment for pupil support activities	-	
Net pupil support activities		567,687
Instructional staff services	263,709	
Less equipment for instructional staff services	-	
Net instructional staff services		263,709
School administration	217,402	
Less: equipment for school administration	-	
Net schooladministration		217,402
Total general fund instructional expenditures		\$ 3,886,956
Total general fund equipment expenditures		\$ 19,703
<u>Certain local revenue sources</u>		
Local taxation revenue:		
Constitutional ad valorem taxes		\$ -
Renewable ad valorem tax		-
Debt service ad valorem tax		-
Up to 1% of collections by the Sheriff on taxes other than school taxes		-
Sales and use taxes		-
Total local taxation revenue		\$ -
Local earnings on investment in real property:		
Earnings from 16th section property		\$ -
Earnings from other real property		-
Total local earnings on investment in real property		\$ -
State revenue in lieu of taxes:		
Revenue sharing—constitutional tax		\$ -
Revenue sharing—other taxes		-
Revenue sharing—excess portion		-
Other revenue in lieu of taxes		-
Total state revenue in lieu of taxes		\$ -
Nonpublic textbook revenue		\$ -
Nonpublic transportation revenue		\$ -

Advocates for Science and Mathematics Education, Inc.
Schedule K-2

**Education levels of public school principals, assistant principals and
 Full-time classroom teachers
 As of October 1, 2016**

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	1.0	5%	-	-	-	-
Bachelor's Degree	8.0	44%	15.0	68%	-	-	-	-
Master's Degree	10.0	56%	5.0	23%	1.0	100%	-	-
Master's Degree +30	-	-	-	-	-	0%	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	1.0	0.05	-	-	-	-
Total	18.0	100%	22.0	100%	1.0	100%	-	-

Advocates for Science and Mathematics Education, Inc.
Schedule K-3

Number and type of public schools
For the year ended June 30, 2017

Type	2017
	Number
Elementary	-
Middle/Jr. High	-
Secondary	1
Combination	-
Total	1

Advocates for Science and Mathematics Education, Inc.
Schedule K-4

**Experience of public school principals, assistant principals and
Full-time classroom teachers
As of October 1, 2016**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant principals	-	-	-	-	-	-	-	-
Classroom teachers	7.0	8.0	19.0	3.0	1.0	2.0	-	40.0
Principals	-	-	1.0	-	-	-	-	1.0
Total	7.0	8.0	20.0	3.0	1.0	2.0	-	41.0

Advocates for Science and Mathematics Education, Inc.
Schedule K-5

Public school staff data
As of June 30, 2017

2017	All classroom teachers	Classroom teachers excluding ROTC and rehired retirees
Average classroom teachers salary including extra compensation	\$49,698	\$49,698
Average classroom teachers salary excluding extra compensation	\$45,624	\$45,624
Number of teacher full- time equivalents (FTEs) used in computation of average salaries	38.54	38.54

Note: Figures reported include all sources of funding (i.e. federal, state and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

Advocates for Science and Mathematics Education, Inc.
Schedule K-6

Class size characteristics
As of October 1, 2016

School Type	Class size range							
	1 to 20		21 to 26		27 to 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary activity classes	-	-	-	-	-	-	-	-
Middle/Jr High	-	-	-	-	-	-	-	-
Middle/Jr High activity classes	-	-	-	-	-	-	-	-
High	60%	156	30%	78	8%	20	2%	4
High activity classes	46%	6	38%	5	15%	2	-	-
Combination	-	-	-	-	-	-	-	-
Combination activity classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

**ADVOCATES FOR SCIENCE AND
MATHEMATICS EDUCATION, INC.**

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2017



CRI CARR
RIGGS &
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Advocates for Science and Mathematics Education, Inc. and the
Louisiana Legislative Auditor
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by Advocates for Science and Mathematics Education, Inc. (the School) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The School's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain the School's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the School does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Results: Policy appears to appropriately address the required elements above.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: Policy appears to appropriately address the required elements above.

- c) **Disbursements**, including processing, reviewing, and approving

Results: Policy appears to appropriately address the required elements above.

- d) **Receipts**, including receiving, recording, and preparing deposits

Results: Policy appears to appropriately address the required elements above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: Policy appears to appropriately address the required elements above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Results: Policy appears to appropriately address the required elements above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Results: Policy appears to appropriately address the required elements above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Results: Policy appears to appropriately address the required elements above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read

the School's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Results: Not applicable as the School is a nonprofit entity.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: Not applicable as the School is a nonprofit entity.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Results: The articles and bylaws of the School state the Board will meet at least ten (10) times annually. The Board met ten (10) times during the fiscal period with a quorum.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the School's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Results: Based on a review of the Board minutes for the ten (10) scheduled meetings held, actual to budget financials were presented to the Board.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: We noted that Board minutes did reference or include non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: List and management's representation obtained.

4. Using the listing provided by management, select all of the School's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Results: We noted bank reconciliations for all months for all accounts during the fiscal period.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Results: We noted that bank reconciliations include evidence that a member of management or board member reviewed each bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: There was no documentation reflecting that management had researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management's Response: Management will design, implement, and document policies and procedures on researching of reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: List obtained and management's representation obtained.

6. Using the listing provided by management, select all of the School's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Results: Each person responsible for collecting cash is not bonded.

Management Response: While each person responsible for collecting cash is not bonded, the School does have a general liability insurance policy that covers employee theft. Management believes this adequately mitigates the risk of not having a bond on each person responsible for collecting cash.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the School has

a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Results: The School does appear to have a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers by a person who is not responsible for cash collections in the cash collection location selected.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using School collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Results: Based on our review of deposit records for the highest (dollar) week of cash collections the deposit took place five (5) days after collection.

Management's Response: The deposit was made in accordance with the School's internal control policy that cash collections must be deposited within one (1) week of receipt. Cash collections are held in a safe located in the Director of Finance's office that can only be accessed by the Co-Principals.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: None noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the School has a process specifically defined (identified as such by the School) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results: The School appears to have a process specifically defined to determine completeness of all collections for each revenue source and agency fund addition by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of School disbursements from management or, alternately, obtain the general ledger and sort/filter for School disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: We obtained the list and management's representation.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the School had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Results: Supporting documentation appears appropriate.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Results: None noted

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results: Based on the review of twenty-five (25) disbursements, no exceptions were noted.

10. Using School documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the School's purchasing/disbursement system.

Results: We noted that the person responsible for processing payments is prohibited from adding vendors to the School's purchasing/disbursement system.

11. Using School documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: We noted that persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review School documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: We noted that persons with signatory authority do not have system access to print checks. We noted no other findings.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: Not applicable. No signature stamp or signature machine use was noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who

maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We obtained the list and management's representation.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the School has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Results: For all selections, we noted that there was evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: For all selections, no finance charges or late fees assessed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Results: None Noted

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the School's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Results: Transactions selected appear to be within the Schools written policies.

- c) For each transaction, compare the School's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: Transactions selected appear to be for an appropriate business/public purpose.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained the listing and management's representation.

- 18. Obtain the School's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: None appear to exceed the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the School does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Results: We noted that each expense selected was reimbursed or prepaid in accordance with the written policies of the School.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Results: We noted that each expense was supported by an original itemized receipt that identified precisely what was purchased, documentation of the business purpose, and other documentation as may be required by written policies of the School.

- c) Compare the School's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: None noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: None noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained the list and management's representation.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Results: There were formal/written contracts noted with all five (5) contract vendors paid the most money during the fiscal period.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the School complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the School solicited quotes as a best practice.

Results: None of the top 5 vendors were subject to Louisiana Public Bid Law.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Results: No contract amendments were noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Results: For the payments selected, we noted that the invoice and related payment complied with the terms and conditions of the contract (where contracts existed).

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: No Board approval requirement noted.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Results: We obtained the list and management's representation.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Results: Payments appear to have been made in strict accordance with the terms and conditions of the employment contract.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: We noted no changes made to hourly pay rates/salaries during the fiscal period for the employees selected.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the School had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Results: All selected employees did document their daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Results: We noted written documentation that supervisors approved attendance and leave of the selected employees.

- c) Report whether there is written documentation that the School maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: We noted appropriate written documentation that the School maintained written leave records on those selected employees that earn leave.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: We obtained a list and management's representation. The selected 'termination payments' were made in strict accordance with the policy and approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: We noted that employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the School maintained documentation to demonstrate that required ethics training was completed.

Results: Not applicable as the School is a nonprofit entity.

27. Inquire of management whether any alleged ethics violations were reported to the School during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the School’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: Not applicable as the School is a nonprofit entity.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the School, and report whether State Bond Commission approval was obtained.

Results: Not applicable as the School is a nonprofit entity.

29. If the School had outstanding debt during the fiscal period, obtain supporting documentation from the School and report whether the School made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: Not applicable as the School is a nonprofit entity.

30. If the School had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: Not applicable as the School is a nonprofit entity.

Other

31. Inquire of management whether the School had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the School reported the misappropriation to the legislative auditor and the district attorney of the parish in which the School is domiciled.

Results: Management stated the School had no misappropriations of public funds or assets.

32. Observe and report whether the School has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We noted appropriate posting of the notice for misappropriation, fraud, waste, or abuse of public funds on the School's website and on the premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: No exceptions observed or identified.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Carri Riggs & Ingram, L.L.C.

October 10, 2017